

**BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

MEETING DATE: 12/21/05

DIVISION: COUNTY ADMINISTRATOR

BULK ITEM: YES

DEPARTMENT: AIRPORTS

STAFF CONTACT PERSON: Peter Horton

AGENDA ITEM WORDING: Approval of FY 2006 Rates and Charges study for the Key West International Airport, to become effective December 1, 2005.

ITEM BACKGROUND: Federal Aviation Administration guidelines require Airports to periodically update their Rates and Charges, to insure that Airports maintain a rate structure that makes them as self supporting as possible..

PREVIOUS RELEVANT BOCC ACTION: Approval of previous Rates & Charges update, October 16, 2002, and September 20, 2000.

CONTRACT/AGREEMENT CHANGES: New Rates & Charges Study

STAFF RECOMMENDATION: Approval

TOTAL COST: n/a

BUDGETED: n/a

COST TO AIRPORT: n/a

SOURCE OF FUNDS: n/a

COST TO PFC: n/a

COST TO COUNTY: n/a

REVENUE PRODUCING: Sets Rates

AMOUNT PER MONTH /YEAR:

APPROVED BY: County Attorney n/a

OMB/Purchasing n/a

Risk Management n/a

AIRPORT DIRECTOR APPROVAL _____



Peter J. Horton

DOCUMENTATION: Included X

Not Required

AGENDA ITEM # _____

DISPOSITION: _____

/bev
APB



BOARD OF COUNTY COMMISSIONERS

Mayor Dixie M. Spehar, District 1
Mayor Pro Tem Murray E. Nelson, District 5
George Neugent, District 2
Charles "Sonny" McCoy, District 3
David P. Rice, District 4

Key West International Airport
3491 S. Roosevelt Boulevard
Key West, Florida 33040

September 29, 2005



To: Tenant Airlines – Key West International Airport

Re: Proposed Airline Rates & Charges
Key West International Airport

Enclosed for your review is an updated rates and charges analysis prepared by Newton & Associates, Inc. containing proposed new rates to be effective December 1, 2005.

This update uses substantially the same methodology as was used in previous analyses that formed the basis for the existing Airport rates and charges schedule. The percentages used to allocate Operating and Maintenance (O & M) costs to the various cost centers are substantially the same as used previously.

The new fees are based upon the airport's FY 2006 O & M Expense budget which shows the need to increase airline rates and charges in order for Monroe County ("County") to recover its cost of providing the Airport and its facilities. The increase is driven by increases in the Airport's O & M expenses since the last analysis was completed and are primarily attributable to security related expenses that have occurred since the last rate adjustment. As in the past, the County continues to seek available federal and state funds to offset its security costs.

As a result of rates and charges analysis, the average terminal rental rate increases to \$39.83 per square foot from the current \$31.18, and the landing fee rate increases to \$2.34 from the current rate of \$1.77. Even with the noted increases, the cost per enplaned passenger including security costs of \$4.88 remains well within industry standards.

Please review the enclosed analysis and provide us with your written comments, if any. If necessary, we will schedule a meeting with the airlines to discuss any questions or concerns that you may have.

Sincerely,

Peter Horton
Director of Airports

PJH/bev

Cc: Bevette Moore - Airport Business Office
Robert J. Walter – Newton & Associates, Inc.
Frank C. Newton III _ Newton & Associates, Inc.

KEY WEST INTERNATIONAL AIRPORT

FY 2006 RATES & CHARGES STUDY

SUMMARY :	Terminal Area	Airfield Area
Airline Terminal Rentals:		
Airline Terminal Revenue Requirement	\$568,099	
Airline Terminal Space	14,262	
Required Average Rental Rate per Square Ft.	\$39.83	
Current Average Rental Rate per Square Ft.	<u>\$29.66</u>	
% Increase (Decrease) over Current Levels	<u>34%</u>	
Airline Landing Fees:		
Airline Landing Fee Revenue Required		\$781,607
Estimated Airline Landing Weight (1,000 lb. units)		333,329
Estimated Passenger Airline Landed Weight		328,701
Passenger Airline Landing Fee Revenue		\$770,754
Airline Landing Fee Rate Requirement		\$2.34
Current Airline Landing Fee Rate		<u>\$1.77</u>
% Increase (Decrease) over Current Levels		<u>32%</u>
Estimated Airline Revenue		
Landing Fees and Terminal Rents assuming New Rates		<u>\$1,338,853</u>
Landing Fees and Terminal Rents assuming Existing Rates		<u>\$1,004,811</u>
% Increase		<u>33%</u>
Cost Per Airline Enplaned Passenger		
(Terminal Rent and Landing Fees)		<u>\$4.09</u>
Cost Per Airline Enplaned Passenger		
(Terminal Rent, Landing Fees and TSA Reimbursement Costs)		<u>\$4.88</u>

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE A: Monroe County - Analysis Actual and Budgeted M&O Expense

		FY04	FY05	FY 06
		Actual/1	Budget/2	Budget /3
Personal Services				
510120	Administrative	\$188,004	\$191,764	\$220,792
	Custodial	77,489	79,039	0
	Maintenance	148,562	151,533	137,928
	Security	58,116	0	0
	ARFF	553,058	564,119	800,709
	Other	87,207	88,951	25,298
510140	Overtime	20,000	20,000	20,000
	Adjustment	-	-	-
Total Personal Services		\$1,132,436	\$1,095,406	\$1,204,727
Annual Percentage Change		9.6%	-3.3%	10.0%
Contractual Services				
530310	Professional Services	\$6,091	\$5,000	\$5,000
530316	Medical Services	1,170	2,475	2,475
530318	Legal Services	0	0	0
530340	Other Contractual Services	217,550	194,739	412,657
530410	Phone & Postage/Freight	29,245	23,582	24,289
	Security Services	1,169,748	1,273,400	1,337,070
	Less Operating Security Grants	(615,045)	(650,000)	(682,500)
530440	Utility Services	281,597	237,434	244,557
530440	Rentals & Leases	4,884	5,651	5,821
530450	Insurance	27,240	38,200	38,200
530451	Risk Management Charges	28,864	30,596	30,596
530498	Advertising	1,251	1,000	1,000
Total Contractual Services		\$1,152,596	\$1,162,077	\$1,419,165
Annual Percentage Change		-15.2%	0.8%	22.1%
Supplies & Materials				
530510	Office Supplies	\$4,720	\$6,604	\$6,802
530520	Operating Supplies	74,001	74,752	76,995
530521	Gasoline	0	300	300
530523	Diesel Fuel	0	500	500
530528	Internal Fuel	3,605	1,806	1,806
530540	Books, Pubs, Subs, Educ, Mem	14,092	9,543	9,543
Total Supplies & Materials		\$96,417	\$93,505	\$95,946
Annual Percentage Change		5.1%	-3.0%	2.6%
General				
590910	County Overhead Allocation	\$126,485	\$126,485	\$126,485
530400	Travel & Per Diem	22,345	16,925	25,095
530409	Vehicle Maintenance Charges	8,300	8,300	8,300
530460	Repairs and Maintenance	163,917	55,350	62,161
530470	Printing and Binding	321	1,000	1,000
530480	Promotional Activities	-	5,000	-
530490	Miscellaneous Expenses	1,216	500	500
Total General		\$322,584	\$213,560	\$223,541
Annual Percentage Change		53.2%	-33.8%	4.7%
TOTAL M&O EXPENSE		\$2,704,033	\$2,564,548	\$2,943,379
Annual Percentage Change		0.4%	-5.2%	14.8%
Minor Capital Outlays		\$24,797	\$9,900	\$184,674
Other		0	0	0
ADJ. TOTAL M&O EXPENSE		\$2,728,830	\$2,574,448	\$3,128,053
Number of Enplaned Passengers		299,607	321,559	327,347
Total O&M Cost Per Enplaned Passenger		\$9.11	\$8.01	\$9.56

_17 - Airport Records

_2/ - Airport Report - Column "Budget" on Fund Expenditure Audit Trail dated 4/18/05

_3/ - Airport Report - Key West Airport "Budget" dated 4/18/05

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

WORKSHEET ANALYSIS OF OTHER CONTRACTUAL SERVICES:

			FY 05 Budget	FY 06 Budget	Terminal	Airfield	GA	Other
Other Contractual Services Line Item			\$194,739	\$412,657	\$156,754	\$81,042	\$525	\$174,337
Landscaping	Gardens of Eden	30%	\$58,422	\$115,024	\$17,254	\$80,517	\$0	\$17,254
Elevator	Mowery Elevator	1%	\$1,947	\$1,020	\$1,020	\$0	\$0	\$0
Parking Mgt.	Republic Parking	29%	\$56,474	\$132,213	\$0	\$0	\$0	\$132,213
Janitorial	Ace Building Maint.	37%	\$72,053	\$162,300	\$137,955	\$0	\$0	\$24,345
Other	Buccaneer Courier	3%	\$5,842	\$2,100	\$525	\$525	\$525	\$525
Other Contractual Services Allocation			\$194,739	\$412,657	\$156,754	\$81,042	\$525	\$174,337
Average Percentage Expense Distribution					60%	10%	15%	15%
Revised Percentage Expense Distribution For Other Contractual Services					38%	20%	0%	42%

Source: Other Contractual Services for FY 2006 provided by Monroe County, Airports Business Office. 9/2/05.

Note: Landscaping Expense allocated 70% to "Airfield", 15% to "Terminal" and 15% to "Other".
Elevator Expense allocated 100% to "Terminal".
Republic Parking Fees Allocated 100% to "Other".
Custodial expenses allocated 85% to "Terminal" and 15% to "Other" to reflect services provided at FIS.

WORKSHEET ANALYSIS OF TSA MANDATED SECURITY COSTS:

	2004	2005	Growth Factor	2006
Security Services from Above	\$1,169,748	\$1,273,400	5%	\$1,337,070
Less Operating Security Grants	(\$615,045)	(\$650,000)		(682,500)
Net Amount	\$554,703	\$623,400	5%	\$654,570
Amount Allocated Directly to Airlines	(230,697)	(247,600)		(259,980)
Net Cost Included in Rates and Charges	\$324,006	\$375,799		\$394,589
Amount Allocated Directly to Airlines	230,697	247,600		259,980
Enplaned Passengers	299,607	321,559		327,347
Per Passenger Reimbursement	0.77	0.77		0.79

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE A (Page 2): Monroe County - M&O Budget Allocation

	FY 06 Budget	Allocation			
		Terminal	Airfield	General Aviation	Other Leased
Personal Services	\$220,792	\$110,396	\$55,198	\$22,079	\$33,119
Administrative	0	0	0	0	0
Custodial	137,928	55,171	27,586	13,793	41,378
Maintenance	0	0	0	0	0
Security	800,709	100,089	520,461	80,071	100,089
ARFF	25,298	3,542	13,155	5,060	3,542
Other	20,000	5,400	8,600	2,600	3,400
Overtime	0	0	0	0	0
Adjustments	0	0	0	0	0
Total Personal Services	\$1,204,727	\$274,598	\$624,999	\$123,603	\$181,528
Contractual Services	\$5,000	\$3,000	\$500	\$750	\$750
Professional Services	2,475	1,485	248	371	371
Medical Services	0	0	0	0	0
Legal Services	412,657	156,754	81,042	525	174,337
Other Contractual Services	24,289	14,573	2,429	3,643	3,643
Phone & Postage/Freight	1,337,070	1,002,802	133,707	66,853	133,707
Security Services	(682,500)	(511,875)	(68,250)	(34,125)	(68,250)
Less Operating Security Grants	244,557	141,582	25,073	6,983	70,918
Utility Services	5,821	3,493	582	873	873
Rentals & Leases	38,200	22,920	3,820	0	11,460
Insurance	30,596	21,417	0	0	9,179
Risk Management Charges	1,000	600	100	150	150
Advertising	0	0	0	0	0
Total Contractual Services	\$1,419,165	\$856,752	\$179,250	\$46,025	\$337,139
Supplies & Materials	6,802	\$4,081	\$680	\$1,020	\$1,020
Office Supplies	76,995	46,197	7,700	11,549	11,549
Operating Supplies	300	180	30	45	45
Gasoline	500	300	50	75	75
Diesel Fuel	1,806	1,084	181	271	271
Internal Fuel	9,543	5,726	954	1,431	1,431
Books, Pubs, Subs, Educ, Mem	0	0	0	0	0
Total Supplies & Materials	\$95,946	\$57,568	\$9,595	\$14,392	\$14,392
General	126,485	\$31,621	\$31,621	\$31,621	\$31,621
County Overhead Allocation	25,095	6,274	6,274	6,274	6,274
Travel & Per Diem	8,300	2,075	2,075	2,075	2,075
Vehicle Maintenance Charges	62,161	15,540	15,540	15,540	15,540
Repairs and Maintenance	1,000	250	250	250	250
Printing and Binding	0	0	0	0	0
Promotions	500	125	125	125	125
Miscellaneous Expenses	0	0	0	0	0
Total General	\$223,541	\$55,885	\$55,885	\$55,885	\$55,885
TOTAL M&O EXPENSE	\$2,943,379	\$1,244,802	\$869,729	\$239,904	\$588,943
Minor Capital Outlays	184,674	46,169	46,169	46,169	46,169
Subtotal	\$3,128,053	\$1,290,970	\$915,898	\$286,073	\$635,112
Est. Airline Reimbursement	(259,980)	(259,980)	n/a	n/a	n/a
ADJ. TOTAL M&O EXPENSE	\$2,868,072	\$1,030,990	\$915,898	\$286,073	\$635,112
Allocated Share of Total Expense	100%	36%	32%	10%	22%

KEY WEST AIRPORT

FY 2006 RATES & CHARGES STUDY

SCHEDULE A (Page 3): Monroe County - M&O Budget Allocation Percentages

---- Cost Center Allocation ----					
	Terminal	Airfield	General Aviation	Other Leased	Total
Personal Services					
Administrative	50%	25%	10%	15%	100%
Custodial	75%	0%	0%	25%	100%
Maintenance	40%	20%	10%	30%	100%
Security	75%	5%	5%	15%	100%
ARFF	12.5%	65%	10%	12.5%	100%
Other	14%	52%	20%	14%	100%
Overtime	27%	43%	13%	17%	100%
Adjustment	25%	25%	25%	25%	100%
Average	42%	30%	10%	18%	100%
Contractual Services					
Professional Services	60%	10%	15%	15%	100%
Medical Services	60%	10%	15%	15%	100%
Legal Services	60%	10%	15%	15%	100%
Other Contractual Services	38%	20%	0%	42%	100%
Phone & Postage/Freight	60%	10%	15%	15%	100%
Security Services	75%	10%	5%	10%	100%
Less Operating Security Grants	75%	10%	5%	10%	100%
Utility Services	58%	10%	3%	29%	100%
Rentals & Leases	60%	10%	15%	15%	100%
Insurance	60%	10%	0%	30%	100%
Risk Management Charges	70%	0%	0%	30%	100%
Advertising	60%	10%	15%	15%	100%
Average	61%	10%	9%	20%	100%
Supplies & Materials					
Office Supplies	60%	10%	15%	15%	100%
Operating Supplies	60%	10%	15%	15%	100%
Gasoline	60%	10%	15%	15%	100%
Diesel Fuel	60%	10%	15%	15%	100%
Internal Fuel	60%	10%	15%	15%	100%
Books, Pubs, Subs, Educ, Men	60%	10%	15%	15%	100%
Average	60%	10%	15%	15%	100%
General					
County Overhead Allocation	25%	25%	25%	25%	100%
Travel & Per Diem	25%	25%	25%	25%	100%
Vehicle Maintenance Charges	25%	25%	25%	25%	100%
Repairs and Maintenance	25%	25%	25%	25%	100%
Printing and Binding	25%	25%	25%	25%	100%
Promotions	25%	25%	25%	25%	100%
Miscellaneous Expenses	25%	25%	25%	25%	100%
Average	29%	29%	29%	29%	100%
Capital Outlay					
	25%	25%	25%	25%	100%

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE A (Page 4): FY 06 Payroll by Function

Function	Position		Existing	New Hire	----- Cost Center Allocation -----				
					Total	Terminal	Airfield	General Aviation	Other Leased
Admin.	Sr. Manager - EYW		\$116,555	\$0	\$116,555	\$58,278	\$29,139	\$11,656	\$17,483
	Administrator Airports	75.0%	59,816	0	59,816	29,908	14,954	5,982	8,972
	Sr. Office Assistant		44,421	0	44,421	22,211	11,105	4,442	6,663
	Subtotal		\$220,792	\$0	\$220,792	\$110,396	\$55,198	\$22,079	\$33,119
Custodial	Chief Custodian		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Custodian		0	0	0	0	0	0	0
	Subtotal		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maint.	Sr. Technician - Maintenance		49,331	\$0	\$49,331	\$19,732	\$9,866	\$4,933	\$14,799
	Sr. Technician - Maintenance		48,581	0	48,581	19,432	9,716	4,858	14,574
	Painter		40,016	0	40,016	16,006	8,003	4,002	12,005
	Subtotal		\$137,928	\$0	\$137,928	\$55,171	\$27,586	\$13,793	\$41,378
Security	Security Guard		\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF	Firefighters - Chief Airport Rescue		74,696	\$0	\$74,696	\$9,337	\$48,552	\$7,470	\$9,337
	Shift Captain - Airport Rescue Firefighter		88,483	0	88,483	11,060	57,514	8,848	11,060
	Shift Captain - Airport Rescue Firefighter		69,905	0	69,905	8,738	45,438	6,991	8,738
	Shift Captain - Airport Rescue Firefighter		62,724	0	62,724	7,841	40,771	6,272	7,841
	Airport Rescue Fire Fighter		75,213	0	75,213	9,402	48,888	7,521	9,402
	Airport Rescue Fire Fighter		59,586	0	59,586	7,448	38,731	5,959	7,448
	Airport Rescue Fire Fighter		57,701	0	57,701	7,213	37,506	5,770	7,213
	Airport Rescue Fire Fighter		71,648	0	71,648	8,956	46,571	7,165	8,956
	Airport Rescue Fire Fighter		64,411	0	64,411	8,051	41,867	6,441	8,051
	Airport Rescue Fire Fighter		61,998	0	61,998	7,750	40,299	6,200	7,750
	Airport Rescue Fire Fighter		57,172	0	57,172	7,147	37,162	5,717	7,147
	Air Rescue (AARF)		57,172	0	57,172	7,147	37,162	5,717	7,147
	Subtotal		\$800,709	\$0	\$800,709	\$100,089	\$520,461	\$80,071	\$100,089
Other	Assistant County Attorney	25.0%	\$25,298	\$0	25,298	\$6,325	\$6,325	\$6,325	\$6,325
Total Employees			\$1,184,727	\$0	\$1,184,727	\$271,980	\$609,569	\$122,267	\$180,910

KEY WEST INTERNATIONAL AIRPORT
FY 2006 RATES & CHARGES STUDY

SCHEDULE A (Page 5): Payroll Allocation Percentages

		----- Cost Center Allocation -----				
Function	Position	Terminal	Airfield	General Aviation	Other Leased	Total
Admin.	Sr. Manager - EYW	50%	25%	10%	15%	100%
	Administrator Airports	50%	25%	10%	15%	100%
	Sr. Office Assistant	50%	25%	10%	15%	100%
Custodial	Chief Custodian	75%	0%	0%	25%	100%
	Custodian	75%	0%	0%	25%	100%
Maint.	Sr. Technician - Maintenance	40%	20%	10%	30%	100%
	Sr. Technician - Maintenance	40%	20%	10%	30%	100%
	Painter	40%	20%	10%	30%	100%
Security	Security Guard	75%	5%	5%	15%	100%
ARFF	Firefighters - Chief Airport Rescue	13%	65%	10%	13%	100%
	Shift Captain - Airport Rescue Firefighter	13%	65%	10%	13%	100%
	Shift Captain - Airport Rescue Firefighter	13%	65%	10%	13%	100%
	Shift Captain - Airport Rescue Firefighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Airport Rescue Fire Fighter	13%	65%	10%	13%	100%
	Air Rescue (AARF)	13%	65%	10%	13%	100%
Other	Assistant County Attorney	25%	25%	25%	25%	100%

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE B: Capital Projects & Purchases

	Total Cost	Less Grants	Cost Net Of Grants	Amortized @6%---		Center Allocation -----				
				Expensed	Yrs.	Amount	Terminal	Airfield	General Aviation	Other Leased
Capital Projects:										
Runway Strengthening	\$0	\$0	\$0	\$0	5	\$0	\$0	\$0	\$0	\$0
ARFF Truck	0	0	0	0	5	0	0	0	0	0
Access Road	0	0	0	0	5	0	0	0	0	0
Part 150 Noise	0	0	0	0	5	0	0	0	0	0
Apron Expansion	0	0	0	0	5	0	0	0	0	0
Building Renovations	0	0	0	0	5	0	0	0	0	0
Total	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Capital Purchases:										
Expensed:										
Fire Equipment	\$0	\$0	\$0	\$0	3	\$0	\$0	\$0	\$0	\$0
Amortized:										
Airport Vehicle	0	0	0	0	5	0	0	0	0	0
Fire Equipment	0	0	0	0	5	0	0	0	0	0
Total	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Total Projects & Purchases being "Expensed" FY 06				\$0		\$0	\$0	\$0	\$0	\$0
Total Projects & Purchases to be Amortized beginning in FY 06						\$0	\$0	\$0	\$0	\$0

KEY WEST INTERNATIONAL AIRPORT

FY 2006 RATES & CHARGES STUDY

SCHEDULE C: Calculation of Landing Fee

AIRFIELD M&O EXPENSE:

Personal Services	\$624,999
Contractual Services	179,250
Supplies & Materials	9,595
General	55,885
Minor Capital Outlays	46,169

Total Airfield M&O Expense	<u>\$915,898</u>
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AIRFIELD CAPITAL EXPENSE:

Airfield Amortization	\$0
Airfield Capital Expense	0

Total Airfield Capital Expense	<u>\$0</u>
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TOTAL AIRFIELD REQUIREMENT:

Less: Estimated General Aviation Revenue	<u>\$915,898</u> <u>134,291</u>
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Net Airfield Requirement	<u>\$781,607</u>
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LANDING FEE CALCULATION:

FY 06 Est. Passenger Airline Landed Weight (000 Lb. Units)	328,701
FY 06 Est. Cargo Airline Landed Weight (000 Lb. Units)	4,628
FY 06 Estimated Airline Landed Weight (000 Lb. Units)	<u>333,329</u>

Airline Landing Fee Rate	<u>\$2.3449</u>
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(Net Airfield Requirement / Airline Landed Weight))

KEY WEST INTERNATIONAL AIRPORT

FY 2006 RATES & CHARGES STUDY

SCHEDULE D: Calculation of Terminal Rental Rates

SUMMARY TERMINAL SPACE:	% Rentable	Productive Sq. Ft.	Total Sq. Ft.
Airline Space	55%	14,262	14,262
Concession and Other Rentable Space	25%	6,444	6,444
Public Space	11%	2,927	2,927
Administrative & Support Space	9%	0	2,250
Total Terminal Space	100%	23,633	25,883

	Amount
TERMINAL M&O EXPENSE:	
Personal Services	\$274,598
Contractual Services	856,752
Supplies & Materials	57,568
General	55,885
Minor Capital Outlays	46,169
Total Terminal M&O Expense	\$1,290,970
Less: Direct Billed Security Charge	(259,980)
Net M&O Requirement	\$1,030,990

TERMINAL CAPITAL EXPENSE:	
Debt Service (Bonds/Notes)	\$0
Amortization	0
Depreciation	0
Total Terminal Capital Requirement	\$0

TERMINAL REQUIREMENT:	\$1,030,990
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TERMINAL RENT CALCULATION:	
Terminal Requirement	\$1,030,990
Total Terminal Space (Sq. Ft.)	25,883
Average Terminal Rental Rate Per Square Foot (Terminal Requirement/Total Terminal Space)	\$39.83

AIRLINE SPACE RENTAL	
Airline Space (Sq. Ft.)	14,262
Airline Requirement (Average Terminal Rental Rate times Airline SF)	\$568,099

AIRLINE RATE STRUCTURE	
Average Rental Rate - Passenger Terminal Building	\$40.77
Average Rental Rate - Cape Air Building	\$33.86

Note: In calculating the Cape Air Building rental rate, the Equivalent Class I rental required for the Cape A ir Building was by 15% to reflect the difference in the condition between the passenger terminal building and the Cape A ir Building.

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE D (Page 2): Calculation of Airline Terminal Class Rentals

Category of Space	Terminal Space	Relative Value	Equivalent Class I Space	Cape Air Bldg.	Relative Value	Equivalent Class I Space	Total Airline Space	Equivalent Class I Space
Ticket Counter	2,481	100%	2,481	308	100%	308	2,789	2,789
Office Space	1,978	80%	1,582	357	80%	286	2,335	1,868
Second Floor Office	0	70%	0	0	70%	0	0	0
Storage	0	50%	0	0	50%	0	0	0
Covered Space	2,831	50%	1,416	0	50%	0	2,831	1,416
Covered Space - Common Use	325	50%	163	0	50%	0	325	163
Hold Room	3,226	100%	3,226	660	100%	660	3,886	3,886
Baggage Claim	1,496	100%	1,496	600	100%	600	2,096	2,096
Total	<u>12,337</u>		<u>10,363</u>	<u>1,925</u>		<u>1,854</u>	<u>14,262</u>	<u>12,217</u>

Average Rental Rate per Square Foot Per Annum

\$39.83 \$46.50

Calculation of Class I Rate:

Equivalent Class I Rental Required
Equivalent Class I Space
Required Class I Rate (Per Sq. Ft.)

\$502,922
10,363
\$48.53

\$65,177 ** \$568,099
1,854
\$35.16

Rate Structure:

Average Rental Rate

\$40.77

\$33.86

\$39.83

Ticket Counter	\$48.53	100%	\$120,400	\$35.16	100%	\$10,830	\$131,230
Office Space	\$38.82	80%	76,792	\$28.13	80%	10,042	86,834
Second Floor Office	\$33.97	70%	0	\$24.61	70%	0	0
Storage	\$24.26	50%	0	\$17.58	50%	0	0
Covered Space	\$24.26	50%	68,692	\$17.58	50%	0	68,692
Covered Space-Common Use	\$24.26	50%	7,886	\$17.58	50%	0	7,886
Hold Room	\$48.53	100%	156,553	\$35.16	100%	23,207	179,761
Baggage Claim	\$48.53	100%	72,599	\$35.16	100%	21,097	93,696
			<u>\$502,922</u>			<u>\$65,177</u>	<u>\$568,099</u>

** In calculating the Cape Air Building rental rate, the Equivalent Class I rental required for the Cape Air Building was reduced by 15% to reflect the difference in the condition between the passenger terminal building and the Cape Air Building.

KEY WEST INTERNATIONAL AIRPORT

FY 2006 RATES & CHARGES STUDY

SCHEDULE D (Page 3): Calculation of Airline Terminal Rental Amounts

Airline Space:

Space Classification	Ticket Counter	Office Space	2nd Floor Space	Storage Space	Covered Area	Hold Room	Bag Claim	Total Space
Rental Rates	\$48.53	\$38.82	\$33.97	\$24.26	\$24.26	\$48.53	\$48.53	=

Airline Terminal Building:

American Eagle	886	532	-	-	196	-	-	1,614
Continental Connector	667	482	-	-	868	-	-	2,017
Delta Jet Service	464	455	-	-	558	-	-	1,477
USAir Express	464	509	-	-	1,209	-	-	2,182
Air Midwest	-	-	-	-	-	-	-	0

Cape Air Building:

Cape Air	308	357	-	-	-	660	600	1,925
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Subtotal	2,789	2,335	-	-	2,831	660	-	9,215
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Non-Exclusive Space:

Hold Room	-	-	-	-	-	3,226	-	3,226
Baggage Claim Area	-	-	-	-	325	-	1,496	1,821

Total Airline Space	2,789	2,335	-	-	3,156	3,886	1,496	14,262
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Rental Amount:

American Eagle	Continental Connection	Delta Jet Service	USAir Express	Air Midwest	Common Use	Cape Air	Total Amount
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Airline Space

Ticket Counter	\$42,996	\$32,369	\$22,517	\$22,517	-	-	\$10,830	\$131,230
Office Space	20,654	18,713	17,664	19,761	-	-	10,042	86,834
Second Floor Space	-	-	-	-	-	-	-	0
Storage	-	-	-	-	-	-	-	0
Covered Space	4,756	21,061	13,539	29,336	-	-	-	68,692

Annual Rental	\$68,406	\$72,143	\$53,721	\$71,614	-	-	\$20,872	\$286,756
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Common Use Space	-	-	-	-	-	237,038	44,304	281,343
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Total Annual Rental	\$68,406	\$72,143	\$53,721	\$71,614	-	\$237,038	\$65,177	\$568,099
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Est. Monthly Rental	\$5,700	\$6,012	\$4,477	\$5,968	-	\$19,753	\$5,431	\$47,342
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KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

SCHEDULE D (Page 4): Space Reconciliation Summary

Available Space:

	Ticketing	Office	Other Rentable	Departure Lounge	Bag Claim	Covered Area	All Other	Total
Passenger Terminal Building:								
First Level	2,276	2,023	4,323	1,890	1,524	3,112	4,420	19,568
Second Level	0	0	2,234	0	0	0	2,156	4,390
Cape Air Building:	308	357	0	660	600	0	0	1,925
Total Space	<u>2,584</u>	<u>2,380</u>	<u>6,557</u>	<u>2,550</u>	<u>2,124</u>	<u>3,112</u>	<u>6,576</u>	<u>25,883</u>

Space Breakdown by Use:

	American Eagle	Continental Connection	Delta Jet Service	Air Midwest	Fla Coastal	Common Use	Cape Air	Total
Airline Space:								
Ticket Counter	886	667	464	464	0	0	308	2,789
Office Space	532	482	455	509	0	0	357	2,335
Second Floor Space	0	0	0	0	0	0	0	0
Storage	0	0	0	0	0	0	0	0
Covered Space	196	868	558	1,209	0	0	0	2,831
Covered Space-CUA						325	0	325
Departure Room						3,226	660	3,886
Baggage Claim						1,496	600	2,096
Airline Totals	<u>1,614</u>	<u>2,017</u>	<u>1,477</u>	<u>2,182</u>	<u>0</u>	<u>5,047</u>	<u>1,925</u>	<u>14,262</u>

Concessions and Other Rentable Space:

Car Rental	964	
Gift Shop	361	
Restaurant	2,998	
Second Floor Rentable Space	<u>2,121</u>	6,444

Public Space

2,927

Support Space:

Airport Offices	1,898	
Other	<u>352</u>	2,250

Total Terminal Building Space

25,883

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

NEW FY 2006 RATES

New Rates
Commencing
10/01/05

KEY WEST INTERNATIONAL AIRPORT

TERMINAL RENT

Airlines

Publicly Exposed Space	\$48.53
Nonpublic Office Space	\$38.82
Second Floor Office	\$33.97
Covered Areas & Storage	\$24.26

Cape Air Building

Publicly Exposed Space	\$35.16
Nonpublic Office Space	\$28.13
Covered Areas & Storage	n/a

Concessions (All Space)

Car Rental	\$48.53
Gift Shop	\$48.53
Restaurant	\$48.53

UTILITIES - Electric, Water, Sewer, Trash Removal

(Included in the rental rate)

LANDING FEE

Rate per Thousand Pounds of Gross Landing Weight	\$2.34
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SECURITY CHECKPOINT - REIMBURSEMENT CHARGES

Per Enplaned Passenger	\$0.79
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Cost: \$259,980 Enpl. Pax: 327,347

OTHER TSA MANDATED SECURITY CHARGES

Per Enplaned Passenger	n/a
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Cost: undetermined Enpl. Pax: 327,347

RON CHARGES

For each aircraft in excess of 3 parked overnight at the
Passenger Terminal or Cape Air Building Ramp

For aircraft with more than 13 seats \$25.00

For aircraft with 13 or less seats \$12.50

FUEL FLOW FEES (per Gallon Delivered)

\$0.06

LAND RENTAL RATES

Aviation Use Property \$0.73

Hangar Rental Rate \$1.78

Non-Aviation Use Property By Appraisal

County Leased Property \$1.31

FIS Building Space

Per Square Foot Rental Rate per Annum \$39.83

KEY WEST INTERNATIONAL AIRPORT FY 2006 RATES & CHARGES STUDY

WORKSHEET - OPERATING STATISTICS

Passengers /1
Year

		2006	2005	2004	2003	2002	2001	2000
TOTAL PASSENGERS:								
American Executive Air	35.2%	221,538	215,086	208,821	199,366	189,910	196,810	201,810
Cape Air	5.3%	33,345	32,374	31,431	35,842	40,253	45,389	39,532
Delta Jet Service	24.6%	154,902	150,390	146,010	96,850	47,690	31,814	73,328
Continental Connection	25.7%	161,685	156,976	152,404	150,160	147,915	123,575	115,428
Air Midwest Express	9.0%	56,458	54,814	53,217	93,511	133,805	141,546	130,100
Fla Coastal	0.2%	1,468	1,426	1,384	816	248	69	554
Enplanements		320,144	310,819	301,766	295,285	266,413	262,761	285,372
Deplanements		309,253	300,246	291,501	281,259	293,409	276,442	275,388
Total	100%	629,397	611,065	593,267	576,544	559,822	539,203	560,760
Monthly Average Enplanements		26,679	25,902	25,147	24,607	23,866	22,778	23,781
Monthly Average Deplanements		25,771	25,021	24,292	23,438	22,785	21,938	22,949
Annual Growth Rate		3.0%	3.0%	2.9%	3.0%	3.8%	-3.8%	-
Compound Annual Rate of Increase 2000-2006								2.6%
Fiscal Year Enplanements		327,347	321,559	299,607	291,361	251,281	280,108	278,763
Compound Annual Rate of Increase 2000-2006								2.6%

ESTIMATED LANDING WEIGHTS:

Year		2006	2005	2004	2003	2002	2001	2000
Landing Weights 2/		333,329	331,110	328,907	328,801	299,087	297,023	-
Monthly Average		27,777	27,593	27,409	27,400	24,924	24,752	-
Annual Growth Rate		0.7%	0.7%	0.0%	9.9%	0.7%	-	-
Compound Annual Rate of Increase 2000-2006								1.9%

1/ NAI Estimate and Airport Records

2/ KWIA Final Report Terminal Concept Study - September 2004